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DNA: 201
KGH: H

23 April 1954

OGC HAS REVIEWED.

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MEMORANDUM FOR: []

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SUBJECT : Reimbursement for Transportation Expenses for New
Legal Mobile

REFERENCE : Cable [] 1541 (IN 26779) 25X1

1. Reference requested advice regarding reimbursement of transportation expenses for new automobiles purchased by overseas employees from points outside the ZI. The following is provided for guidance in handling purchase of cars from the U. K. through Hong Kong as well as through other locations.

2. In the absence of specific and contradictory provisions of our regulations, you can follow the Foreign Service Travel Regulations. These provide, in pertinent part (180 FSTR 5):

"5.12 Evidence of Ownership

In case of newly acquired automobiles, delivery to a carrier for shipment on a Government bill of lading or receipt by the purchaser or his agent of an invoice or bill of sale identifying a specific automobile by motor and/or body number, and indicating date and place of delivery, shall be acceptable as evidence of transfer of ownership to the purchaser.

"5.13 Shipment of New Automobiles

When a new automobile has been purchased from the manufacturer, authorized expenses shall include:

a. Shipment of the assembled vehicle from the factory to shipside in the country of manufacture and to the employee's post, or

b. When established as more economical than shipment of an assembled vehicle, freight on unassembled parts of the vehicle from factory to assembly plant in the country of manufacture or to an assembly plant abroad, and cost of onward transportation of the assembled vehicle to the employee's post;

"Provided: That no expenses shall be allowable in excess of the cost of transportation between the authorized points of origin and destination or between the factory site and the authorized destination, which ever involves the lesser cost."

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3. The application of these provisions assumes that the shipment is otherwise within the appropriate weight and time limitations. There is the additional restriction of the proviso in § 5.13. The "point of origin" refers, of course, to the point of origin of the purchaser-employee from which he departed for his present post.

4. The general rule noted by the Comptroller General (in his Opinions, Vol. 10, p. 268) restricts reimbursement to that transportation expense incurred after title has passed to the buyer. This rule still maintains. However, the State Department (in 1950) asked G. A. O. if there would be an objection to reimbursement if: (1) shipment was made from the plant to an export dispatch point by Government bill of lading, assuming that "release or delivery of the automobile to a carrier as agent of the Government or employee would be acceptable as evidence that ownership had been transferred to the purchaser," or (2) the car is assembled at a point near the point of export and a receipted invoice with separate itemization of transportation and related costs is provided. It also asked whether credit sales would affect the matter as long as the transportation charges were itemized and incurred subsequent to purchase (and transfer of title) although not necessarily subsequent to payment. G. A. O. found it would not be required to object to any of the proposals and the regulations above reflect their application in practice. (The use of a Government bill of lading is not specified and this may be either an assumption of a standard practice or an extension beyond the scope of the opinion.)

5. The essential point is the passage of title prior to transportation of the car, whether assembled or not. We realize that the custom and usage of the industry may make it difficult in certain circumstances to buy other than from a local dealer. Be that as it may, if the sale is arranged with the local dealer and delivery is accepted at the employee's foreign post, any costs of transportation would be considered a part of the purchase price since title did not pass prior to delivery and the incurrence of the transportation expenses. Where, however, arrangements can be made directly with the manufacturer, the buyer should make certain that title passed by delivery to the carrier (acting, in effect, as the buyer's agent), and that subsequent costs of transportation are itemized separately from the purchase price.

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cc: LO/TD
OGC/CWP:blr
Distribution:

- orig. & 1 - addressee
- 1 - LO/TD
- 1 - Emp. Comp.
- 1 - chrono.
- 1 - OGC, 317 South

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